

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

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| In re: | Bankruptcy Case No. 25-30004 |
| The Ruins, LLC, | Chapter 11 |
| Debtor. | |

**LIMITED OBJECTION, JOINDER, AND RESERVATION OF RIGHTS OF
DIAMOND WALL SYSTEMS, INC. TO CONFIRMATION OF THE CHAPTER 11
PLAN OF REORGANIZATION OF THE RUINS, LLC, DATED MAY 6, 2025**

Diamond Wall Systems, Inc. (“Diamond”) hereby submits this Limited Objection, Joinder and Reservation of Rights (the “Objection”) to the *Chapter 11 Plan of Reorganization of the Ruins, LLC* [Docket No. 41] (the “Plan”) filed by the Debtor, The Ruins, LLC (the “Debtor”).

BACKGROUND

I. THE DIAMOND CONTRACT.

1. During the time period from October 9, 2022 through May 13, 2023, Diamond provided contracting services with respect to real property owned by the Debtor, legally described as:

The Ruins Addition to the City of Watertown, Codington County,
South Dakota, Codington County, SD

and located at 315 East Kemp Avenue, Watertown, South Dakota, 57201 (the “Real Property”).

2. Despite having invoiced the parties on whose behalf the work was performed, Diamond was not paid, and as such, perfected its lien by filing, through its agent, Perfekt, Inc., the necessary lien statements and other documents in the Office of the Register of Deed for Codington County, South Dakota, as document number 202301940, on June 23, 2023.

II. PROCEDURAL BACKGROUND.

3. On January 6, 2025 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of North Dakota (the “Bankruptcy Court”), under Case No. 25-30004 (the “Bankruptcy Case”).

4. On March 17, 2025, Diamond timely filed its proof of claim asserting a secured claim in the amount of \$334,142.96 (the “Diamond Claim”). *See* Claims Register, Claim 11-1.

5. On May 6, 2025, the Debtor filed the Plan, which proposes to treat the Diamond Claim as follows:

3.2.4 **Class 4 – Mechanics’ Lien Holders.** Class 4 consists of the secured mechanics’ lien Claims of (i) Diamond Wall System, Inc.; (ii) D&M Industries, Inc.; (iii) Brian’s Glass and Door LLC; (iv) Performance Spray Foam, LLC; (v) The Roofing Company; and (vi) Top Finish Carpentry. These Claims total \$1,145,801.92. This Class shall be paid in regular monthly payments, beginning on the Plan Payment Commencement Date, based on (i) a 30-year amortization schedule; (ii) a 7.50% interest rate; and (iii) a seven-year balloon obligation. However, should the Takeout Financing Date occur prior to the end of the seven-year balloon period, these Claims shall be paid, in full, on the Takeout Financing Date. By way of anecdote only, if payments were to commence on the Petition Date (*i.e.*, before the accrual of any further interest), these monthly payments would equal \$8,011.61. The payment sum will be amortized, however, based on the interest accrued prior to the Plan Payment Commencement Date, and will thusly be in a greater sum.⁶ These Claim Holders shall retain their respective Liens, in a sum equal to the unpaid portion of their respective Claims, until such a time as the Claims are paid in full.

Class 4 is an impaired Class.

See Plan at § 3.2.4.

LIMITED OBJECTION

6. As part of its proposed Plan, the Debtor proposes to pay Diamond over a seven year period with a balloon payment, based on a thirty-year amortization schedule at 7.5%. *Id.* Diamond does not object to the treatment generally, but asserts that the proposed 7 year repayment plan is excessive. Diamond further objects to the extent that the proposed interest rate of 7.50% is exactly equal to the current prime rate, and fails to adjust that rate upward to reflect the risk to Diamond that the Debtor will default under the Plan. *See In re Topp*, 75 F.4th 959, 963 (8th Cir. 2023).

JOINDER AND RESERVATION OF RIGHTS

7. Diamond joins in any responses or objections filed in relation to the Plan not inconsistent herewith, and reserves its right to supplement or amend this Objection as necessary prior to any hearing on approval of the Plan, and to seek such other and further relief as is just and equitable. Further, Diamond reserves all rights to file additional pleadings and further objections as may be appropriate with respect to its Claim.

WHEREFORE, Diamond respectfully requests that this Court (i) sustain this Limited Objection; (ii) deny confirmation of the Plan; and (iii) grant Diamond such other and further relief as the Court deems just and equitable under the circumstances.

Respectfully submitted,

BASSFORD REMELE
A Professional Association

Dated: May 20, 2025

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CERTIFICATE OF SERVICE

I, Jeffrey D. Klobucar, an attorney licensed to practice law in this Court, with an office address of 100 South Fifth Street, Suite 1500, Minneapolis, MN 55402, hereby certifies that the filing of this document caused service via CM/ECF upon all CM/ECF recipients.

Dated: May 20, 2025

By: /s/ Jeffrey D. Klobucar
Jeffrey D. Klobucar